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SUBJECT: (Corrected) Petrobras Announces 3-4 Billion Barrels in Iara Field, Same Exploration Block as Tupi

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1. Petrobras has announced that its Santos Basin pre-salt "Iara" field holds an estimated recoverable volume of 3-4 billion barrels of light oil and natural gas. Relevant test well data reveals that recoverable volume ranges are significantly better than initially forecast. The Iara field is located about 143 miles off the coast of Rio de Janeiro at a water depth of 7,316 feet. It is in the same BM-S-11 exploration block as the "Tupi" field, but in a non-adjacent area to the north.

2. The Tupi discovery, announced in November 2007, has an estimated recoverable volume of 5-8 billion barrels of light oil and natural gas. It is the largest oil find in the Americas since 1976. If confirmed, Iara and Tupi could almost double Brazil's 12.6 billion barrels of proven oil reserves. Petrobras operates the BM-S-11 block consortium with a 65 percent interest. Partners are BG Group (UK) with 25 percent interest and Galp Energia (Portugal) with 10 percent interest.

3. Energy analysts believe that Iara announcement is significant because the volume is impressive given the relatively small area of the field compared to Tupi. The Iara portion of the block is less than a quarter of the size of Tupi. Also significant is the timing of the announcement -- nobody was expecting Petrobras to announce new volume estimates before mid-2009.

4. Many experts and government officials commonly talk about the potential of the Santos Basin's pre-salt reserve as 30-70 billion barrels. However, Tupi and Iara are the only official estimates for Santos Basin pre-salt oil reserves so far which are based on drilling results and test data. Current exploration activities are limited to companies who have already executed concession contracts in the area since the Government of Brazil has suspended further licensing of pre-salt oil rights while it considers regulatory changes aimed at capturing more revenue.

MARTINEZ